

Message Text

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ACTION EB-07

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 6034

INFO USDOC WASHDC

AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY ANKARA

AMCONSUL ANTWERP

AMEMBASSY ATHENS

USINT BAGHDAD

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CAIRO

AMEMBEISY DAMASCUS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MANAMA

AMEMZJSSY MUSCAT

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SANA

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

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ATHENS ALSO FOR RTDO

ANKARA, BONN, CAIRO, LONDON, MADRID, PARIS, ROME, TEHRAN
ALSO PASS CONSULATES
ANTWERP FOR ELSON
BRUSSELS ALFB FOR MARAD
DEPT. PASS U.S. DESPATCH AGENTS

E.O. 11652: N/A
TAGS: EWWT, EALR, ATRN, KU
SUBJ: KUWAIT PORT SITUATION: CONGESTION WORSENS

REF: KUWAIT 1845 AND PREVIOUS (NOTAL)

SUMMARY: OFF-LOADING PREFERENCE GIVEN CONFERENCE ORGANIZATION SHIPS IN APRIL (REFTEL) HAS NOT AMELIORATED KUWAIT PORT CONGESTION PROBLEM. CONGESTION HAS WORSENED. AVERAGE CONFERENCE VESSEL WAITING TIMES HAVE INCREASED FROM 2-3 DAYS IN MAY-JUNE TO 18-20 DAYS NOW. NON-CONFERENCE VESSELS NOW MUST WAIT 50-60 DAYS COMPARED TO 35 DAYS IN JUNE. THIS DESPITE INCREASED PORT WORKING HOURS, NOW 6 A.M. TO MIDNIGHT. RAMADAN LULL WILL MAKE CONGESTION WORSE. EXPANSION OF KUWAIT'S MAJOR PORT OF SHUWEIKH TO 2.6 MILLION TON CAPACITY BY END OF NEXT YEAR WILL NOT EVEN MATCH VOLUME OF CARGO SCHEDULED ARRIVE THIS YEAR, ESTIMATED AT 3.25 MILLION TONS. LONGER RUN EXPANSION PROJECTS FOR SHUWEIKH AND LESSER PORT OF SHUAIBA WILL NOT BE TENDERED UNTIL FIRST QUARTER 1977 AT EARLIEST AND WILL TAKE 4-5 YEARS TO COMPLETE. PORT CONGESTION, THEREFORE, LIKELY TO BE CONTINUING PROBLEM. END SUMMARY.

1. EMBASSY HAS LEARNED THAT EFFECTIVE PREFERENCE PROVISIONS FOR CONFERENCE LINE VESSELS (RESERVING FULLY-EQUIPPED BERTHS FOR SUCH SHIPS) INSTITUTED IN PARIL BY KUWAIT PORT AUTHORITIES (REFTEL) HAS RESULTED IN WORSENING CONGESTION PROBLEMS. AVERAGE CONFERENCE VESSEL WAITING TIMES, TWO OR THREE DAYS DURING MAY AND JUNE, HAVE INCREASED TO 18-20 DAYS, AS NEW PROVISIONS BECOME KNOWN AND AS SHIPPERS SWITCH TO CONFERENCE VESSELS. WAITING TIMES FOR NON-CONFERENCE VESSELS HAVE SHOT UP FROM 35 DAYS IN JUNE TO 50-60 DAYS NOW, LONGER THAN EVER BEFORE. SINCE, TYPICALLY, ONLY ONE THIRD OF APPROX. 100 SHIPS THAT UNCLASSIFIED

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WAIT IN KUWAIT'S SHUWEIKH HARBOR FOR UNLOADING ARE MEMBERS OF LINER CONFERENCES, NEW DELAYS ARE CAUSING NUMEROUS PROBLEMS FOR COMPANIES (PARTICULARLY CONSTRUCTION FIRMS) THAT DEPEND ON IMPORTS.

2. CARGO TONNAGE FIGURES FOR SHUWEIKH RELEASED RECENTLY INDICATE THAT PROBLEM IS LIKELY TO GROW WORSE. DURING FIRST FIVE MONTHS OF 1976, SHUWEIKH HANDLED OVER 1.4 MILLION

TONS OF CARGO. THIS REPRESENTS 70 PERCENT OF 1975'S TOTAL OF 2 MILLION TONS OF CARGO HANDLED. ESTIMATES FOR TOTAL 195 TONNAGE NOW STAND AT 3.25 MILLION TONS, WHILE ESTIMATES OF SHUWEIKH'S CAPACITY DURING 1977, ONCE ON-SHORE WORK ON SHUWEIKH'S PHASE II EXTENSION IS COMPLETED, STAND AT ONLY 2.6 MILLION TONS.

3. KUWAIT AUTHORITIES HAVE ALSO INSTITUTED ADDITIONAL MEASURES TO COPE WITH SITUATION. THEY HAVE RESERVED TWO BERTHS AT SHUWEIKH FOR CEMENT (A PARTICULARLY CRITICAL PROBLEM, SINCE DOMESTIC CAPACITY CANNOT MEET THE NEEDS OF RAPIDLY EXPANDING CONSTRUCTION INDUSTRY), AND HAVE UTILIZED THE TWO GENERAL CARGO BERTHS AT SHUAIBA INDUSTRIAL AREA (APPROX. 18 MILES FROM SHUWEIKH) FOR VARIOUS CONSTRUCTION MATERIALS, INCLUDING CEMENT, IRON, AND WOOD. AUTHORITIES HAVE ALSO INCREASED THE WORKING HOURS FOR THE PORT, TO 6 A.M. TILL MIDNIGHT. FINALLY, THEY HAVE DIRECTED ALL SMALL DRAFT VESSELS (LESS THAN 22 FEET) TO SHUAIBA FOR UNLOADING. NOT ALL THESE MEASURES, HOWEVER, APPEAR TO BE WORKING OUT. IN PARTICULAR, SHORTAGE OF TRUCKS AND DRIVERS HAS CAUSED INCREASED TRANSIT CHARGES AND SOME DELAYS FOR GOODS COMING FROM SHUAIBA (WHICH HAS NO STORAGE FACILITIES).

4. COMMENT: MOTIVATION BEHIND CONFERENCE PREFERENCE SYSTEM APPEARS TO BE AVOIDANCE OF CONFERENCE-IMPOSED PORT CONGESTION CHARGES BY MAJOR WHOLESALERS AND IMPORTERS (THOUGH EFFORTS BY KUWAIT SHIPPING CO. TO RESTRICT COMPETITION OF NON-CONFERENCE CHARTER VESSELS MAY ALSO BE INVOLVED). IN THIS, FOR NOW AT LEAST, SYSTEM HAS BEEN A SUCCESS. IT IS QUESTIONABLE HOWEVER, WHETHER SYSTEM, IN SHORT RUN AT LEAST, WILL BE ABLE TO COPE WITH BOTH INCREASED TRAFFIC AND SWITCH TO CONFERENCE LINE VESSELS. INCREASED DELAYS HAVE OCCURRED EVEN FOR CONFERENCE SHIPS. RAMADAN SEASON IS BOUND TO CAUSE UNCLASSIFIED

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FURTHER PROBLEMS, MUCH AS IT DID IN 1975, WHEN SERIOUS CONGESTION PROBLEM FIRST BECAME EVIDENT. NOR ARE LONG-RUN PROSPECTS FAVORABLE. EXPANSION PROGRAMS FOR BOTH SHUWEIKH AND SHUAIBA ARE STILL IN DESIGN-TENDERING STAGE. SHUAIBA PROJECT SHOULD BE TENDERED LATE THIS YEAR, BUT MORE MASSIVE SHUWEIKH EXPANSION WILL NOT BE TENDERED UNTIL FIRST QUARTER 1977 AT EARLIEST, AND WILL TAKE UP TO 4-5 YEARS TO COMPLETE. FINALLY, SHUAIBA, SLATED TO HANDLE IMPORTS OF EQUIPMENT, ETC. FOR KUWAIT GAS UTILIZATION PROJECT (KGUP) AND OTHER PETROCHEMICAL AND CONSTRUCTION INDUSTRY PROJECTS, HAS ALREADY PROVED INADEQUATE TO THE TASK AS KGUP IMPORTS HAVE BEEN DIVERTED TO KUWACO'S OIL TERMINAL, MINA AL-AAHMADI. IT DOES NOT THEREFORE APPEAR THAT SHUAIBA IS LIKELY TO OFFER ANY SHORT TERM OR LONG-RANGE RELIEF. MAESTRONE

NOTE BY OC/T: PASSED ALL DESPATCH AGENTS EXCEPT BALTIMORE.

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